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Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Report of the Secretary-General

Summary

The present report contains the financial performance report of the United Nations Iraq-Kuwait Observation Mission for the period from 1 July 1998 to 30 June 1999. The General Assembly, by its resolution 52/238 of 26 June 1998, appropriated an amount of $52,143,800 gross ($50,255,600 net) for the period.

Expenditures for the period totalled $49,960,900 gross ($48,323,700 net), resulting in an unencumbered balance of $2,182,900 gross ($1,931,900 net).

The unencumbered balance resulted mainly from lower travel costs for military observers, a higher vacancy rate for civilian personnel, reduced air operations requirements and the early termination of the contract for the fixed-wing aircraft because of the closure of Iraqi airspace. Savings were also realized from reduced requirements under supplies and services.

The action to be taken by the General Assembly in connection with the financing of UNIKOM is a decision on the treatment of the unencumbered balance of $2,182,900 gross ($1,931,900 net) for the period from 1 July 1998 to 30 June 1999.

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I. Introduction

1. The United Nations Iraq-Kuwait Observation Mission (UNIKOM) was established by the Security Council in accordance with its resolution 687 (1991) of 3 April 1991. In its resolution 689 (1991) of 9 April 1991, the Council decided to review the question of the termination or continuation of UNIKOM, as well as the modalities of its operation, every six months. The latest review was on 6 October 1999, and the President of the Security Council informed the Secretary-General that the Council concurred with the recommendation to maintain UNIKOM and would review the question once again by 6 April 2000 (S/1999/1033).

2. The budget for the maintenance of UNIKOM for the period from 1 July 1998 to 30 June 1999 was set out in the report of the Secretary-General dated 10 March 1998 (A/52/824) and amounted to $50,611,300 gross ($48,545,600 net). It provided for the maintenance of 195 military observers and 908 troops (775 infantry and 133 support personnel), supported by 72 international staff and 166 locally recruited staff. The budget also included provision for operational costs and related requirements. The Advisory Committee on Administrative and Budgetary Questions, in paragraph 32 of its report of 8 April 1998 (A/52/860/Add.7 and Corr.1), recommended that the General Assembly appropriate an amount of $49,525,400 gross ($47,637,200 net) for the period from 1 July 1998 to 30 June 1999.

3. The General Assembly, by its resolution 52/238 of 26 June 1998, appropriated an amount of $52,143,800 gross ($50,255,600 net) for the maintenance of UNIKOM for the period from 1 July 1998 to 30 June 1999, inclusive of $2,618,400 for the support account for peacekeeping operations for the same period. Taking into account the two-thirds share of the net amount, equivalent to $33,503,700, to be funded through voluntary contributions from the Government of Kuwait, an amount of $18,640,100 gross ($16,751,900 net) has been assessed on Member States.

II. Implementation of the budget

4. The Mission's concept of operations during the period from 1 July 1998 to 30 June 1999 was based on a combination of patrol and observation bases, observation points, ground and air patrols, investigation teams and liaison with the parties at all levels.

5. The operational requirements of the Mission were met during the financial period under review and there were accordingly no operational shortcomings or slippage during the implementation of the approved budget.

6. The unspent balance was primarily attributable to higher vacancy rates for international and local staff than originally estimated. While the budget estimates provided for a vacancy factor of 5 per cent for the authorized staffing of 72 international and 166 local posts, the actual vacancy rates during the reporting period averaged 18 per cent for international posts and 11 per cent for local posts. Consequently, this experience was reflected in the proposed budget for the period from 1 July 1999 to 30 June 2000 by way of the inclusion of a 10 per cent vacancy factor in the cost estimates for international and local staff.

7. Unutilized balances under fixed-wing aircraft resulted from the lower number of hours flown by the Antonov AN-26 from the beginning of the period until the termination of its charter in March 1999, owing to the closure of Iraqi airspace in December 1998 and to the cost-sharing arrangements with the United Nations Office of the Humanitarian Coordinator

for Iraq. The cost-sharing arrangements call for the reimbursement to UNIKOM by that Office of charges for actual hours flown and fuel use in respect of its operations. Savings were also realized under landing fees and ground handling owing to the reduced level of air operations by UNIKOM.

8. Unspent balances under miscellaneous services were attributable to lower actual costs for contractual services as well as nominal actual requirements under claims and adjustments.

9. Unutilized resources were offset in part by unbudgeted requirements for the replacement of electronic data-processing systems to ensure year 2000 compliance and the Mission's share of the financing of the United Nations Logistics Base at Brindisi, Italy, for the period.

III. Financial performance report for the period from 1 July 1998 to 30 June 1999

10. As indicated in table 1, from the appropriation of $52,143,800 gross ($50,255,600 net) for the period from 1 July 1998 to 30 June 1999, expenditures amounted to $49,960,900 gross ($48,323,700 net), inclusive of $15,110,100 in unliquidated obligations. The resulting unspent balance of $2,182,900 gross ($1,931,900 net) represents, in gross terms, some 4 per cent of the appropriation. Annex I to the present report contains the financial performance information for the reporting period by budget line item. Supplementary information on significant variances is presented in annex II. Annex IV provides a chart on apportionment and expenditure by main budget group.

Table 1
Apportionment and expenditure
(Thousands of United States dollars)

Category of expenditure	*Apportionment*	*Expenditures*[a]	*Variance*
Military personnel	24 826.6	24 735.7	90.9
Civilian personnel	12 966.5	11 513.1	1 453.4
Operational requirements	9 834.1	8 997.0	837.1
Other programmes	10.0	40.0	(30.0)
United Nations Logistics Base at Brindisi	–	419.5	(419.5)
Support account for peacekeeping operations	2 618.4	2 618.4	–
Staff assessment	1 888.2	1 637.2	251.0
Gross requirements	**52 143.8**	**49 960.9**	**2 182.9**
Income from staff assessment	(1 888.2)	(1 637.2)	(251.0)
Net requirements	**50 255.6**	**48 323.7**	**1 931.9**
Voluntary contributions in kind (budgeted)	–	–	–
Voluntary contributions in kind (non-budgeted)	–	–	–
Total resources	**52 143.8**	**49 960.9**	**2 182.9**

[a] Includes an amount of $15,110,100 in unliquidated obligations.

11. Information on the deployment of military and civilian personnel during the reporting period is presented in table 2 and in detail in annex III.

Table 2
Authorized staffing, incumbency and vacancy rates for military and civilian personnel for the period from 1 July 1998 to 30 June 1999

Personnel category	*Authorized strength*	*Actual strength (average)*	*Vacancy rate (percentage)*
Military observers	195	195	–
Military contingents	908	907	–
International staff	72	59	18
Local staff	166	147	11

IV. Action to be taken by the General Assembly at its fifty-fourth session

12. The action to be taken by the General Assembly in connection with the financing of UNIKOM is a decision on the treatment of the unencumbered balance of $2,182,900 gross ($1,931,900 net) for the period from 1 July 1998 to 30 June 1999.

Annex I

Financial performance report for the period from 1 July 1998 to 30 June 1999: summary statement

(Thousands of United States dollars)

Category of expenditure	*(1)* *Apportionment[a]*	*(2)* *Non-recurrent expenditures*	*(3)* *Total expenditures (inclusive of non-recurrent expenditures)*	*(4) = (1-3)* *Variance*
I. Military personnel				
1. Military observers	7 215.6	–	7 074.2	141.4
2. Military contingents	15 822.9	–	15 873.4	(50.5)
3. Other requirements pertaining to military personnel				
(a) Contingent-owned equipment	1 346.9	–	1 346.9	–
(b) Self-sustainment	–	–	–	–
(c) Death and disability compensation	441.2	–	441.2	–
Subtotal, line 3	**1 788.1**	**–**	**1 788.1**	**–**
Total, category I	**24 826.6**	**–**	**24 735.7**	**90.9**
II. Civilian personnel				
1. Civilian police	–	–	–	–
2. International and local staff	12 966.5	–	11 513.1	1 453.4
3. United Nations Volunteers	–	–	–	–
4. Government-provided personnel	–	–	–	–
5. Civilian electoral observers	–	–	–	–
Total, category II	**12 966.5**	**–**	**11 513.1**	**1 453.4**
III. Operational requirements				
1. Premises/accommodation	800.6	268.7	777.7	22.9
2. Infrastructure repairs	30.0	29.6	29.6	0.4
3. Transport operations	3 051.5	1 266.6	2 999.5	52.0
4. Air operations	3 349.5	–	2 631.9	717.6
5. Naval operations	–	–	–	–
6. Communications	667.5	324.3	619.0	48.5
7. Other equipment	645.5	603.7	836.7	(191.2)
8. Supplies and services	1 189.5	–	1 022.9	166.6
9. Air and surface freight				
(a) Transport of contingent-owned equipment	–	–	–	–

Category of expenditure	(1) Apportionment[a]	(2) Non-recurrent expenditures	(3) Total expenditures (inclusive of non-recurrent expenditures)	(4)=(1-3) Variance
(b) Commercial freight and cartage	100.0	–	79.7	20.3
Subtotal, line 9	**100.0**	**–**	**79.7**	**20.3**
Total, category III	**9 834.1**	**2 492.9**	**8 997.0**	**837.1**
IV. Other programmes				
1. Election-related supplies and services	–	–	–	–
2. Public information programmes	–	–	–	–
3. Training programmes	10.0	–	40.0	(30.0)
4. Mine-clearing programmes	–	–	–	–
5. Assistance for disarmament and demobilization	–	–	–	–
Total, category IV	**10.0**	**–**	**40.0**	**(30.0)**
V. United Nations Logistics Base at Brindisi	–	–	**419.5**	**(419.5)**
VI. Support account for peacekeeping operations	**2 618.4**	**–**	**2 618.4**	**–**
VII. Staff assessment	**1 888.2**	**–**	**1 637.2**	**251.0**
Gross requirements, categories I-VII	52 143.8	2 492.9	49 960.9	2 182.9
VIII. Income from staff assessment	**(1 888.2)**	**–**	**(1 637.2)**	**(251.0)**
Net requirements, categories I-VIII	50 255.6	2 492.9	48 323.7	1 931.9
IX. Voluntary contributions in kind (budgeted)	–	–	–	–
X. Voluntary contributions in kind (non-budgeted)	–	–	–	–
Total	**52 143.8**	**2 492.9**	**49 960.9**	**2 182.9**

[a] Based on appropriation provided by General Assembly resolution 52/238

Annex II

Supplementary information on significant variances

Military personnel

Apportionment: $24,826,600; expenditure: $24,735,700; variance: $90,900

1. The unutilized balance of $90,900 resulted from savings under military observers ($141,400) which were offset in part by additional requirements under military contingents ($50,500). Savings realized under military observers were attributable to the actual average cost of rotation ($3,000) being lower than originally estimated ($4,000). However, these savings were offset in part by actual rotation costs for military support personnel ($2,100) being higher than originally estimated ($1,400).

Civilian personnel

International and local staff

Apportionment: $12,966,500; expenditure: $11,513,100; variance: $1,453,400

2. The unutilized balance of $1,453,400 under this heading was attributable to higher vacancy rates for international and local staff. Against budget estimates that included a 5 per cent vacancy factor, actual vacancy rates were 18 per cent for international staff and 11 per cent for local staff. Actual incumbency during the reporting period averaged 59 international and 147 local staff against an authorized staffing of 72 international and 166 local posts.

Operational requirements

Air operations

Apportionment: $3,349,500; expenditure: $2,631,900; variance: $717,600

3. The unutilized balance of $95,500 under helicopter operations was attributable to (a) actual hours flown (2,157) being slightly lower than originally planned (2,160); (b) actual fuel consumption (57,600 litres per month) being lower than the estimate (64,800 litres per month); and (c) the actual average fuel cost ($0.20 per litre) being slightly lower than originally estimated ($0.23 per litre).

4. The unutilized amounts of $513,800 under fixed-wing aircraft and $108,300 under other air operations requirements were primarily attributable to the closure of Iraqi airspace effective December 1998. This development resulted in the termination of the contract for the Antonov AN-26 aircraft from March 1999, which led to concomitant reductions in requirements for flight hours, aviation fuel, liability insurance and landing fees and ground handling. Against a total of 660 block hours planned, actual hours flown totalled 355, comprising 93 for UNIKOM operations and 262 for the operations of the United Nations Office of the Humanitarian Coordinator for Iraq. Under cost-sharing arrangements, the Office reimburses UNIKOM for the costs of actual hours flown and aircraft fuel consumed during its operations.

Other equipment

Apportionment: $645,500; expenditure: $836,700; variance: ($191,200)

5. Additional requirements of $191,200 were primarily attributable to unbudgeted requirements including (a) the upgrade of the UNIKOM network at Umm Qasr; (b) the purchase of an identification system for the Identification and Pass Unit; and (c) further replacement of worn or obsolete data-processing systems to ensure year 2000 compliance.

Supplies and services

Apportionment: $1,189,500; expenditure: $1,022,900; variance: $166,600

6. The unutilized balance of $166,600 under this heading was mainly attributable to lower actual costs for contractual services, including laundry, grounds maintenance, janitorial services and waste disposal. Savings were also realized from nominal actual requirements under claims and adjustments. However, some of these savings were offset by higher requirements for bank and related charges and losses on currency exchange fluctuations.

Air and surface freight

Apportionment: $100,000; expenditure: $79,700; variance: $20,300

7. The unutilized balance of $20,300 resulted from lower actual costs of freight and related charges during the period.

Other programmes

Training programmes

Apportionment: $10,000; expenditure: $40,000; variance: ($30,000)

8. Additional requirements of $30,000 under miscellaneous services resulted from additional and unbudgeted requirements for technical training courses undertaken by UNIKOM personnel in the areas of air operations, communications and electronic data-processing systems.

United Nations Logistics Base at Brindisi

Apportionment: none; expenditure: $419,500; variance: ($419,500)

9. The expenditure of $419,500 represents the UNIKOM prorated share of the cost of maintaining the United Nations Logistics Base at Brindisi for the reporting period, based on General Assembly resolution 52/1 B of 26 June 1998.

Staff assessment

Apportionment: $1,888,200; expenditure: $1,637,200; variance: $251,000

10. The unutilized balance of $251,000 resulted from higher actual vacancy rates for international and local staff, as explained in paragraph 2 above.

Income from staff assessment

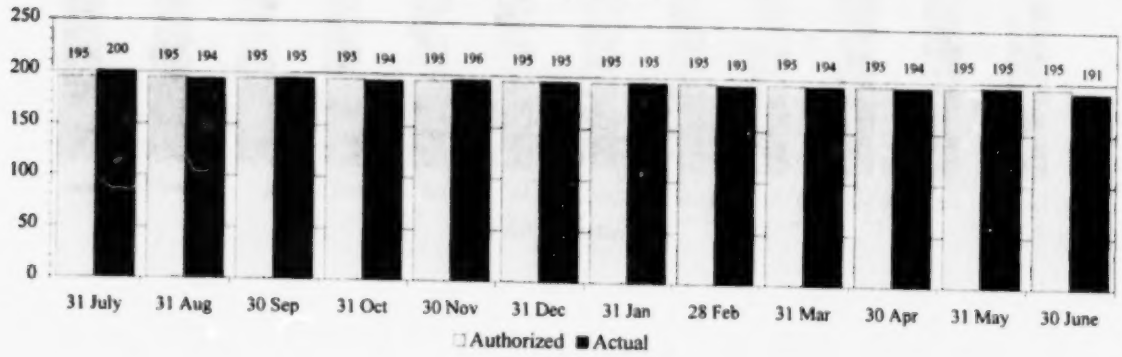
Apportionment: ($1,888,200); expenditure: ($1,637,200); variance ($251,000)

11. This amount was derived from staff assessment (see para. 10 above).

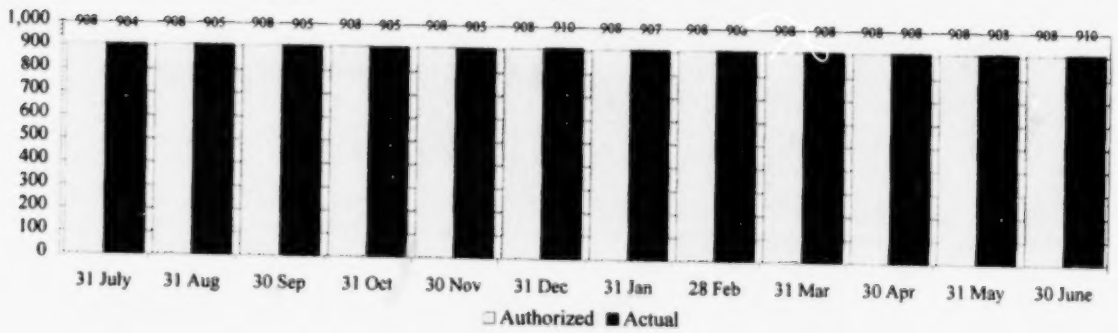
Annex III

Planned and actual deployment of civilian and military personnel for the period from 1 July 1998 to 30 June 1999

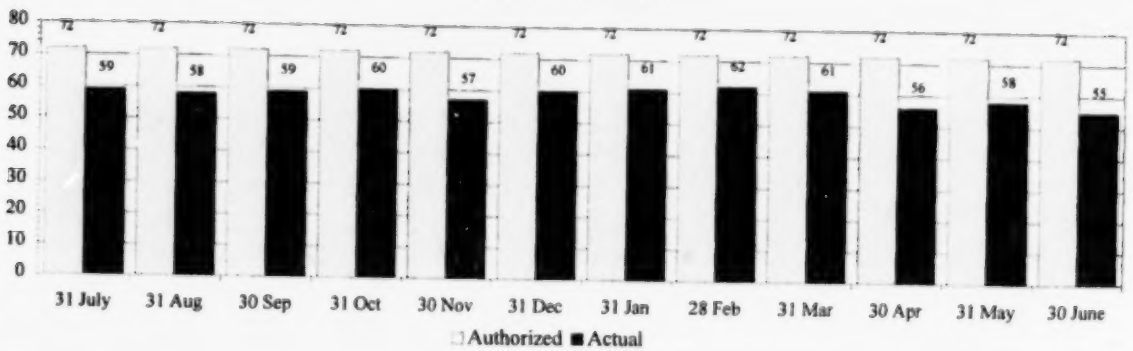
1. Military observers



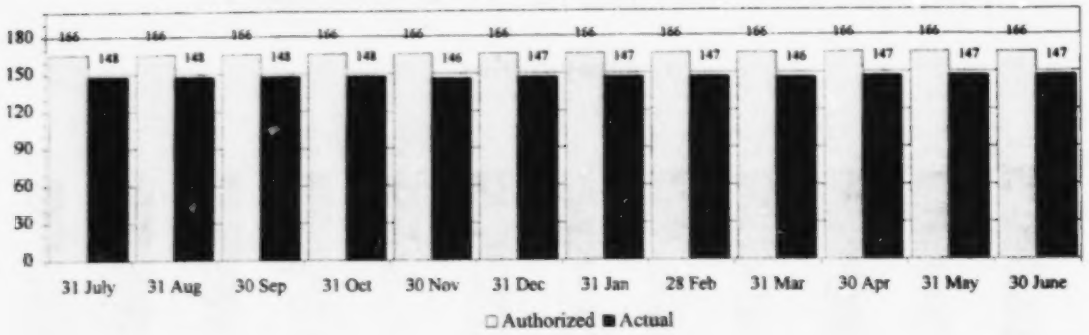
2. Military contingents



3. International staff



4. Local staff



Annex IV

Apportionment and expenditure for the period from 1 July 1998 to 30 June 1999